

Consumers Shortchanged in 2017

Businesses show their best faces for prospective customers. Successful businesses often earmark part of their profits toward community projects. Being good corporate citizens wins consumer loyalty.

Corporate good will doesn't guarantee more sales, although it may encourage buyer loyalty. The best incentives are the tax write-offs for charitable acts, but nonprofitable businesses get nothing since they have no gains to shield. Free-market capitalism rewards winners, not losers. Businesses cannot afford generosity when they're bleeding red ink.

In free-market capitalism, corporations drive the engines of prosperity. There are winners & losers at each phase of the economic cycle. Neoliberal capitalism is a zero-sum game, and it functions like a pyramid scheme where top dwellers control most of the loot.

Does this sound the death knell for the rest of us? Not necessarily.

Technologic progress renders a trickledown effect that rewards even bottom feeders over the longrun.

The economy can be organized in five sectors: the industrial sector, the financial sector, the retail sector, the healthcare sector and auxiliary services such as spin doctors. Job growth in the 21st-century has come largely from the service sector, including information technologies. During prosperous years, one or more sectors will be favored over others. The same holds true for economic downturns where job losses occur in some sectors more than others.

Free markets abandon "sunset" industries in favor of innovative enterprises that produce stuff faster, cheaper and more efficiently. Society must deal with the casualties of technologic change. Forward-thinking governments enact programs to aid discarded workers who have lost jobs to technologic progress.

Hence, businesses and governments have different aims and goals. Businesses want to make profits, especially businesses listed on stock markets. They're mandated by shareholders to reap greater & greater returns.

Meanwhile, governments seek to please their constituents. They encourage business to create more jobs so that citizens can feed their

families and enjoy recreational pursuits. Moreover, governments discourage industries that cause illnesses or spoil the environment. Businesses may reap generous profits only if they generate worthwhile jobs and healthful products. Lastly, governments protect citizens from foreign predators and domestic upheavals.

To do this, governments collect taxes on personal income, property owned, purchases and user fees. Taxes vary from nation to nation. The average jurisdiction grabs about half of their citizens' gross incomes. Top-dwellers on the economic pyramid pay less in proportion to their assets and earnings. The top-dwellers are believed to create prosperity, so they exercise loopholes in the tax regimen. Fair or unfair, free-market capitalism has proven more efficient than government bureaucracies.

Money is a convenient tool in place of straightforward barter. For instance, if you hand over a deposit on a townhouse, it's convenient to pay cash or write a check. Real estate agents don't like to accept a truckload of potatoes. Common currencies simplify transactions. The lone drawback is that most currencies lose value over time.

The money supply comes from Central Banks which print bills out of thin air. Governments vouch for their currency, but the marketplace gives money its ultimate value.

Central Banks lend nine dollars for every dollar they have on hand. Big commercial banks are the recipients of this largess. They in turn lend out nine times their stake to big corporations. With each step down to the real economy, money becomes further diluted, and the interest demanded by lenders increases.

Retailers, hair stylists, truck drivers and librarians borrow at the highest interest-rates, and they get money diluted to less than 1% of that vouched for by governments. For instance, the armed thief who robs a convenience store of \$300 is punished more severely than the white-collar embezzler who steals \$300 million. It all depends where you reside on the economic food chain. Fair or not, citizens accept the rough justice of government largess which is aimed at the marketplace rather than individuals. Meanwhile, national debts have mushroomed to astronomic levels in the 21st-century.

Prices of goods & services follow the laws of supply and demand. Yet it's almost impossible to predict whether new products will find buyers.

Established businesses tend to be conservative marketers. They sell "improved" copies of products that have solid track records with consumers. This is why brands have "face" value beyond the products they represent.

To create well-known brands, businesses must spend substantial funds to develop an attractive image. After which, they flood the media with the image until it becomes a familiar topic in the public domain. Through exposure and advertising, branded products acquire a favorable niche in the collective consciousness.

Promotional advertising adds to the cost of putting goods on retail shelves, and buyers end up paying the surcharge. Yet consumers barely notice the higher costs, since competing products are bloated as well. Shoppers must pay for adverts which often have entertainment value. No one really cares if the touted goods have a reputation for reliability.

When businesses introduce new lines of goods, they need funds for development costs and manufacturing facilities before a single product is sold. Few corporations have enough cash on hand to pay for new product lines. They're forced to borrow from bankers or to issue bonds, either of which must be repaid with interest.

Guess who picks up the tab for corporate expansion and debt repayment?

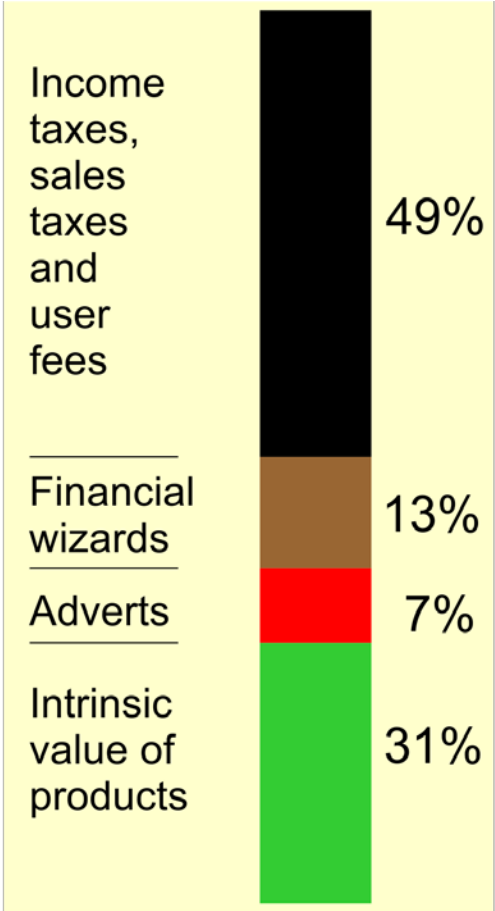
Consumers pay surcharges on retail products whose prices include development costs, acquisition costs, promotional costs and bonuses for upper management who are orchestrating this financial wizardry.

Nowadays we have a service-oriented economy where dozens of promoters and financial gurus create marketplace niches for new products. The greatest invention since the iron-rimmed wheel won't find buyers until substantial amounts of promotional hoopla has been expended. When consumers purchase branded products, they're paying the fees of stock brokers, investment bankers, advert moguls and spin doctors, all of whose cuts are added to retail prices. For some products the overhead may reach as high as 30%.

Suppose we take the gross earnings of median citizens. First of all, withholding taxes reduce the amount of their available income. Then you subtract user fees for unemployment insurance, health care and pensions. Then subtract the surcharges for sales taxes, advert markups and bloated margins to pay back corporate debts. What's left is

intrinsic worth. In other words, the bare costs in human effort and resources that deliver products to retail shelves. The actual percentages will vary from nation to nation. To be fair, you must weigh the tax burden against useful government services.

Neoliberal free markets aren't as efficient as they're touted to be. A simple barter system would be more efficient and cheaper for many folks. That's why frugal shoppers frequent garage sales and flea markets.



In the diagram above, you get a mere 31% in value for whatever you spend. Should this cost us 69% of our earnings? Has government and free-market capitalism taken too large a cut?

Major corporations do business all around the globe. If a nation penalizes a multinational corporation, the company will move its operations to another nation. Business investments create jobs, and those investments go to nations where the labor costs and taxes are lowest. In short, governments have lost leverage with multinationals which gravitate to nations that offer the sweetest deals.

Another problem is technological change. Governments are forever playing catchup since innovative businesses find new ways to bypass existing regulations. Governments tend to enact solutions for yesterday's inequities. Their short-sighted programs hinder job creation rather than encourage it.

It's not a matter of liberal or conservative, socialist or libertarian. Political fixes don't help because they seldom reach the heart of the problem, which is systemic overhead.

There are sensible alternatives. Stay tuned to this blog.

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Money Stretches Further in 2071

We have shown how financial wizards and ad promoters are raising retail prices by 13% and 7% respectively.

Investment bankers lend funds for assembly lines that will produce new widgets. Makers seldom wait to use accrued profits for capital outlays because long delays would let competitors jump ahead and steal their niches. In practice, makers must borrow to keep pace, and those added costs are dumped on consumers.

Likewise, adverts are endemic to free-market Capitalism. Retailers won't allot shelf space unless the products have "brand" recognition. Even generic products bear ad costs or indirect backing by parent entities, such as a grocery chains. Yet goods or services could be made and delivered to consumers without adverts.

The cooperative agenda stretches money farther since you needn't pay advertisers or financial wizards. Such middlemen have been turfed from the cooperative process.

SOAR co-ops compete for goods and services in the prototype phase. They compete for the license to sell a specific good or service. They must achieve highest scores in a rigorous modeling program. The **Framework** assesses products for social and ecological responsibility as well as value-to-cost and consumer approval. The winners earn exclusive five-year charters to market their products. After which time, co-ops face off once again with updated versions of their prototypes which compete for the next five-year charter.

There are two consequences with this approach. Customer demand becomes the prime mover for new products and better versions of existing products. This leads to more continuity and backward compatibility in the marketplace, which denies reckless speculators.

In this milieu, no advertising is needed. The winning co-op focuses on providing consumers with basic instructions and helpdesk support. Consumers get one choice: the product best suited for both buyers and society as a whole. Shrewd co-ops will offer variable models for their products to gratify the full spectrum of customer needs and tastes.

Financial middlemen are likewise unneeded in the SOAR economic scheme. Prices of goods and services reflect the pledge of whichever co-op owns the five-year charter. Co-op pledges are based on the costs of materials, manufacturing tools and fair labor returns. Prices are easily calculated for the present and future because value of SOAR currency holds steady over the longrun.

SOAR uses three factors to determine the amount of money in circulation: 1) total amount of natural resources; 2) number of humans in the community; 3) and the estimated value which can be wrought from basic resources and human ingenuity. For instance, the discovery and introduction of new resources will trigger an increase in the money supply. Likewise, a co-op that shows it can add more value to existing

resources will also trigger an increase in the money supply. Increases in money supply reflect genuine increases in the productive economy, whereas the prices of goods and services remain stable, as does the currency itself.

The entire abracadabra of virtual traders, investment bankers and market makers are exposed as parasites for which SOAR **metics** never pay a nickel. Here we must remind readers that SOAR enjoys a treasure trove of natural resources, thanks to the mineral wealth of near earth asteroids. The resource bonanza is shared all around, both as present and future values, for individual net worth equates with each metic's accrual of co-op shares. SOAR's financial capital is generated and owned by active co-op members who contribute at least 40% of their wages to pensions. Although the "set aside" portion is nonspendable, it is still controlled by the earners. It cannot fund 3rd-party projects without member approval.

Contrariwise the Capitalist system shortchanges the producers of prosperity and diverts massive profits to 3rd-party players who claim to organize and manage but do nothing productive. The Capitalist system enshrines the cult of overlords, investors and spin doctors who are motivated by greed. They are easily replaced by a nonbiased computer program at a fraction of the cost. This digital referee is called the Framework.

For this sudden windfall of wealth to benefit society, the general public needs to trust the Framework, the model for a prosperous society. In other words, the coders of the Framework cannot have a personal stake in the outcomes. They are chosen for open mindedness and scientific acumen. They cannot subvert raw data inputs since these are transparent for the public record.

Programmers adjust the values of parameters. For instance, common oxygen is a social benefit since it's necessary for air-breathing organisms, whereas ozone is a deficit since it may cause health problems. In effect the coders adjust elemental issues that won't necessarily have direct bearings on one co-op's bid over another. So the Framework is almost a double-blind system. Hence, it is far more trustworthy than a cabal of bankers motivated by greed.

SOAR bypasses the political quagmire by "governing" the economy without politicians. Co-ops compete for five-year charters to provide

various government services. SOAR bureaucrats cannot bank on job security. Co-ops must deliver services at reasonable costs to the satisfaction of metics, or rival co-ops will snatch away their charters.

Co-ops go about their business without fixed layers of hierarchy. Ad hoc coordinators may assign tasks, but they do so face-to-face, so the process is upfront and informal. Co-op members champion teamwork and collective responsibility as much as individual responsibility. Thus, multiple layers of stagnant energy pools are removed from the system.

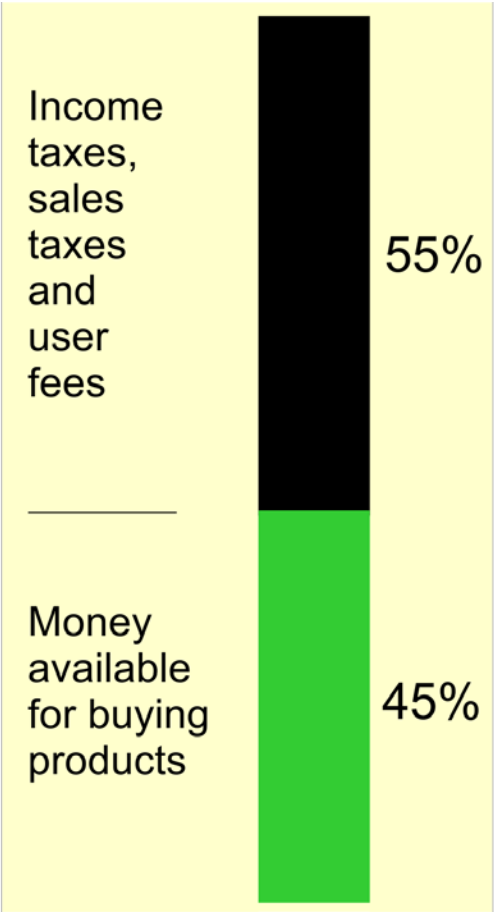
Transparency is ubiquitous in SOAR communities. Each co-op appoints or elects a watchdog who keeps tabs on the goods and services delivered by other co-ops, both governmental and nongovernmental. The watchdogs will report to fellow members if the response times are too long or the products prove unsatisfactory. The co-op will then decide whether to file a complaint. Any such complaints will be held against the co-op holding the five-year charter.

With all this streamlining of socioeconomic customs, there remains a need for taxes. Surcharges on purchases, user fees and withheld income make up the tax burden. Taxes build and maintain The Commons infrastructure which is doubly necessary for off-earth habitats. Taxes provide the regulatory Framework which ensures fair play and guidelines for life support and communal prosperity. Taxes underwrite police officers, militia and diplomats to enforce domestic peace and protect SOAR communities from outside predators.

Taxes bolster the commons which are often taken for granted. Metics need private living spaces, clean-running water, hygienic sewage disposal, wireless and wired networks for communication, efficient travel corridors, nutritious and affordable foods. Metics need gainful employment, pleasant communities based on the rule of law and easy access to knowledge that's crucial for full-bodied lifestyles. In short, metics need enough options so that everyone can pursue happiness.

Given the above considerations, taxes in SOAR communities are 10%-12% higher than in most earthside nations. However metics will point out they get a greater return on the taxes they forfeit. For instance, maternity leaves for prospective mothers are far more generous. And topnotch public education, including room & board, for every youngster from age two to 18. Lastly, there is universal access to library know-how and 100% employment.

When the economy is managed for full employment, no funds need be diverted for band-aide solutions like jobless dole, food stamps, subsidized housing, etc. More tax dollars go toward urban parks, affordable rapid transit, public swimming pools, clean streets and safe neighborhoods.



Metics may retain larger slices of the economic pie, but their spendable incomes remain modest, though adequate. They only get to spend 33% of their net earnings, whereas 67% goes toward co-op shares. The accrued equity may be cashed in when metics retire from the workforce. In retirement they enjoy ample funds to relax, travel or pursue hobbies, but they lose their voting clout.

Meanwhile the 67% held in escrow lets SOAR fund education, refurbish the infrastructure and underwrite healthcare. There are ready funds for major projects like new habitats and new robotic manufactories. Lastly, the share equity finances product prototypes, some of which will never pay for themselves.

At this point, readers must have thousands of questions. Can

cooperative economies compete head-to-head with the current Capitalist economies? If so, what are the advantages and drawbacks?

Stay tuned to this blog.

Real Money is money in circulation that pays the rent, buys groceries or restaurant tabs. Economists call “real money” M1 to distinguish it from M2 or M3 or M4 which are like Wall Street poker chips. They are worthless IOUs that are only recognized by borrowers, lenders, investment bankers and stock brokers.

For instance, go to a commodities' market and buy the delivery of 1,000 pork bellies at such & such time. Let's suppose you hold the contract until the closing date. Will you receive 1,000 pork bellies? Not a chance. The betting game is over, and all you get are house chips which can only go toward the next game.

When the word “money” is used in this essay, it always refers to real money. The other kinds of money are make-believe monopoly money that serve the ultrarich at the expense of everyone else. A fair market does NOT need monopoly money to function efficiently. In fact monopoly money encourages middle men who seldom contribute to products that are bought and sold in the “real” economy. Hence, the hidden costs of advertisers and lenders act as drags on the economy which in turn raises the retail prices of goods and services.

Capitalism is an inefficient and artificial game that doesn't recognize the natural resources on which it thrives. Nature has a perfect accounting system where the young and strong feed on the old and weak. Although we humans live at the top of the food chain, our “free” market systems assume that Nature has an infinite capacity to heal itself. In truth Nature does indeed have limits. We must take full account of how our technologies affect Nature or else leave ourselves vulnerable for doomsday. [Back](#).

SOAR (acronym) Solar Omnifarious and Aspiring Republic. Spacer colonists belong to this economic confederation of member co-ops. [Back](#).

Framework is a computer program that evaluates products for usefulness, resources consumed, assembly methods and the cost of

recycling or disposal. Evaluation parameters are tweaked to accommodate the latest and most accurate scientific evidence. [Back](#).

metic signifies a person who has SOAR citizenship. Metics are entitled to a vote on social policy as soon as they've joined a co-op. Inmates of debtors' college may express their opinions but their votes have no effect. August-age metics who have retired outside SOAR communities are likewise ineligible to vote. [Back](#).